

PROGRAM TO STRENGTHEN BASIC EDUCATION REFORM

(PR-0117)

EXECUTIVE SUMMARY

Borrower:	Government of the Republic of Paraguay	
Executing agency:	Ministry of Education and Culture (MEC)	
Amount and source:	IDB (OC):	US\$40,000,000
	Local:	US\$ 4,000,000
	Total:	US\$44,000,000
Financial terms and conditions:	Amortization period:	25 years
	Grace period:	5 years
	Disbursement period:	5 years
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
	Currency:	basket of currencies
Objectives:	<p>The general objective of the program is to improve the quality and equity of basic education in Paraguay, thereby helping to reduce poverty and contribute to the country's social and economic development. The specific objectives are to: (i) improve teaching practices and administrative processes in Cycle I and II schools; (ii) lessen inequality within the education system; (iii) facilitate access to Cycle III of the educación escolar básica [basic education] program (EEB); (iv) promote parent involvement in school affairs through Asociaciones de Cooperación Escolar [Educational Cooperation Associations] (ACEs); (v) improve teacher quality and initial training; and (vi) strengthen MEC administration.</p>	
Description:	<p>The program has been structured to address three essential needs: (i) the need to strengthen the educational capacity of schools so that, operating autonomously, they can provide quality education to their communities; (ii) the need to reduce serious inequities within Paraguay's education system by designing strategies to benefit the poorest segments of society; and (iii) the need to introduce in-service training in schools and the Institutos de Formación Docente [Teacher Training Institutes] (IFDs), in a collective effort to make teachers</p>	

professionally responsible for the academic performance of their students.

To accomplish these objectives, the program has been structured with four components:

Component 1: Activities targeting primary schools (US\$18.8 million): The resources for this component would be used to finance activities targeting urban and rural schools identified as high-risk in terms of educational capacity; to promote successful educational experiences in schools with more than 200 students; and to encourage parent involvement in school affairs.

High repeater and dropout rates will be addressed by: (i) implementing a proposed bilingual teaching program in 1,000 rural schools (25% of the enrolled student population) to improve student learning during the first six years of school (Cycles I and II); (ii) conducting an integrated learning program for the first two cycles of the EEB program for the benefit of 150 schools characterized by conditions of poverty and high educational risk and accounting for 10% of all urban schools; (iii) building on Paraguay's successful experience in community participation and community-based management through a transfer of resources to ACEs in the schools participating in the two subcomponents above to strengthen capacity for organizing parents, upgrade school infrastructure, and purchase equipment; and (iv) financing 600 educational improvement projects, to be distributed on a competitive basis among the 1,200 largest schools, which would be designated to promote greater autonomy in resource management and the development of successful new approaches to education.

Component 2: Improvement of initial teacher training (US\$1.8 million): The purpose of this component is to help strengthen initial teacher training systems by providing the resources and conditions needed to improve the learning process, development, and institutional evaluation.

Specifically, financing will be provided for 25 improvement projects prepared by government IFDs to improve the quality of teaching and the working conditions. Additional financing will be provided for advanced courses to improve the quality of administration and instruction, especially for language, mathematics, and science teachers. Financing will also be provided for the design and application of a system to evaluate the institutional efficiency of state and private IFDs.

Component 3: Infrastructure and equipment for the expansion of Cycle III of the EEB (US\$13.7 million). The objective of this component is to manage and expand the seventh, eighth, and ninth years of the Paraguayan educational system (Cycle III of the EEB), with a focus on investment in classroom construction for comprehensive schools operating as educational centers. Financing will also be provided for the repair and construction of restroom facilities.

Component 4: Strategic support for MEC operations (US\$4.6 million). The purpose of this component is to strengthen the MEC in the areas of regulation, policy formulation, monitoring, evaluation, and public information so as to further consolidate the educational reform initiated in 1992 and ensure the sustainability and impact of investments in the sector. Specifically, the objectives are: (i) to strengthen the Sistema Nacional de Evaluación del Proceso Educativo [National Education Evaluation System] (SNEPE) by financing data collection for use in monitoring the targeted programs defined in Component 1 and by disseminating SNEPE findings for use by the Paraguayan educational system as a whole and the general public; (ii) to help the Consejo Nacional de Educación y Cultura [National Council on Education and Culture] (CONEC) strengthen its capacity to formulate and evaluate education policy by financing studies on EEB, seminars, and publications; and (iii) to develop a social communications strategy for the dissemination of information on educational reform activities, and in particular those of the program, to which end financing would be provided for publications, radio programs for parents and teachers, and other public information events and broadcasts.

**The Bank's
country and
sector strategy:**

In the area of formal education, the Bank's strategy focuses on: (i) strengthening preschool and basic education; (ii) decentralizing responsibility for education to communities and *municipios*; (iii) training education personnel; (iv) providing greater access to basic education for the monolingual Guaraní-speaking population; and (v) strengthening the ties between school and the workplace. To this end, the program addresses the challenges facing Paraguay and is consistent with the Bank's strategy and the mandates of the Eighth Replenishment.

In 1994, the Bank approved two loans for Paraguay to implement a primary education improvement program (770/OC-PR and 908/SF-PR) as well as a technical-cooperation operation (ATN/SF-5034-PR). As of December 1999, 93% of the resources for these operations had been disbursed. The remaining 7% has been committed and the final disbursement is planned for August 2000. In

1998, a technical-cooperation program to improve bilingual education (ATN/SF-6053-PR) was approved to build on efforts begun under the first loan, and to conduct new studies and activities for use in the monolingual Guaraní schools and for preparation of this operation.

**Environmental
and social
review:**

The activities of this program will have no adverse impact on the environment (see paragraph 4.18).

Benefits:

The investments to be made under this program are designed to boost student retention rates, raise levels of schooling (highest grade completed), and improve learning performance in Cycles I and II of the EEB in rural and urban schools identified as high-risk. Specifically, component 1 focuses on activities to improve the quality and internal efficiency of the first two cycles, while component 3 seeks to improve access and infrastructure for the Cycle III expansion. The expected educational results are an increase in the percentage of students completing 6th grade from 70% to 75% and a two-year increase in average schooling level in the targeted schools. Efforts will also be made to expand Cycle III coverage to 70%, accommodating nearly 6,000 new students and improving physical conditions and equipment for another 12,000 students already in school.

In addressing the inequalities of the Paraguayan education system, the program will give preference to two lines of activity: the first benefiting the 10% of schools at highest risk in educational terms, and the second benefiting high-risk rural schools accounting for the lowest-ranking 25% of rural enrollment in terms of educational performance. The benefits will thus flow to the poorest students in urban and rural areas. The goal is to reduce repeater and dropout rates and increase retention rates by 7%, thereby raising the percentage of students completing sixth grade to 75%. At the same time, improvements in internal efficiency should raise average schooling levels by approximately two years (from 4 to 6 years).

The program is expected to produce the following economic benefits for families: (i) a higher percentage of the population completing primary school (accounting for a salary differential of 50% to 100% depending on the baseline situation and economic opportunities existing in rural vs. urban areas); (ii) a larger group eligible for high school and greater access to Cycle III, a prerequisite for eventually completing secondary education and benefiting from still higher salary differentials (up to 150%); and (iii) higher average schooling levels (in terms of grades completed), and hence greater workforce productivity and employability, irrespective of decisions to migrate to cities or not.

Risks:

Over the past year, Paraguay has been affected by an extremely complex institutional and political crisis, which at one point disrupted all normal activity, with repercussions for the continuity of educational reform. As the country consolidates its democratic process and overcomes the current economic crisis, the situation is expected to return to normal. The new educational authorities have in fact taken up the reform principles and strategies (Plan 2020) once again, setting up new technical teams composed of professionals who participated in the Plan's formulation.

Execution of the program will require a change in institutional culture, which may encounter resistance from the educational community. To minimize this risk, the program will have a communications and information campaign in place from start to finish to create favorable attitudes toward the changes in teaching and administrative practices to be promoted.

The MEC's inexperience in administering targeted programs and the technical and administrative complexity of this particular program could delay execution and ultimately undermine the motivation of teaching staff. Similarly, the inexperience of MEC supervisors in monitoring and advising on learning technique projects could prove a serious obstacle to the program's success. To mitigate this risk, the program provides for the establishment of expert teams within the MEC general divisions concerned, a technical support team for each Program Coordination Unit (PCU), and various training activities to improve the technical capacity of teachers forming part of the supervisory teams at the school-zone level.

Although the government has undertaken to provide the local counterpart resources for the program on a timely basis, the country's fiscal situation could delay actual disbursement, upsetting the timetable for executing activities and slowing the accomplishment of program objectives. This could create skepticism within the teaching community about the government's commitment to the program and the principles underlying it, which could in turn affect their motivation and commitment to the changes in teaching and administrative practices being pursued.

Special contractual clauses:

Conditions precedent to the first disbursement. Prior to the first disbursement of financing, it must be demonstrated to the Bank that: (i) the Advisory Board referred to in paragraph 3.1 has been established; (ii) the PCU has been set up and the technical team appointed to operate it (paragraph 3.1); (iii) the Program Operations Manual has been put into effect in accordance with terms and conditions previously agreed upon with the Bank (paragraph 3.6); (iv) two special accounts have been set up for the exclusive purpose of administering program resources, one in guaraní and the other in dollars (paragraph 3.61); (v) presentation of regulatory documents issued by the MEC concerning: expansion and consolidation of Cycle III of the EEB, methodological guidelines for language instruction in the program, and expansion of the IFDs (paragraphs 3.42, 3.10, and 3.33); (vi) presentation of the model contract to be signed by the MEC and ACEs for the transfer of program resources (paragraph 3.20); and (vii) presentation of a model legal instrument stipulating the obligations of the parties under the program (paragraph 3.27 and 3.31).

Special contractual conditions: (i) before financing can be transferred to ACEs, the contract referred to in (vi) above must have been signed (paragraph 3.20); (ii) at the time that financing is transferred to a school or state IFD, the legal instrument referred to in (vii) above must be in force (paragraph 3.27 and 3.31); (iii) within thirty days after the close of each semiannual period during program execution, the MEC must present a semiannual progress report to the Bank on program activities. Reports presented at the close of each year of program execution must also include the operating plan for that year, the financial statement for the program, and information on procurement during the prior year and planned procurement for the current year (paragraph 3.63); (iv) annually, within thirty days after preparation and submission of the semiannual progress report for the close of each year of program execution, the MEC will analyze this information with the Bank to assess the progress made in implementing the program, difficulties that may have arisen in its execution, and the steps taken to overcome them (paragraph 3.64); and (v) as part of the program evaluation process, two evaluations will be conducted – intermediate and final – based on the methodology and guidelines agreed upon by the MEC and the Bank. The results of the first evaluation must be presented to the Bank once 50% of program resources have been committed, or once 42 months have elapsed since the effective date of the loan contract, whichever comes first. The final evaluation, which will be based on the same content and methodology as the intermediate evaluation, must be conducted within six months prior to the deadline for the final disbursement of the financing, and the results must be presented to the Bank together with the final disbursement request (paragraph 3.65).

Poverty-targeting and social sector classification:

This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704).

Furthermore, given its focus on improving basic public education, this operation qualifies as a poverty-targeted investment (PTI). The borrowing country will be using the 10 percentage points in additional financing (paragraph 4.20).

Exceptions to Bank policy:

An exception to disbursement rules and procedures is proposed in the case of resource transfers to Educational Cooperation Associations (ACEs). The mechanism proposed will streamline the disbursement process and allow for more effective parent participation in school affairs (paragraph 3.58).

Procurement:

Goods, services, and works for this program must be procured in accordance with Bank procedures. International competitive bidding will be required for contracts valued at US\$2 million in the case of construction works; US\$350,000 or more in the case of goods; and US\$200,000 or more in the case of services.